

inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule continues to decrease the assessment rate established for the Committee for the 2002–03 and subsequent fiscal periods from \$0.12 to \$0.11 per 7/10-bushel carton of oranges and grapefruit.

The Texas orange and grapefruit marketing order provides authority for the Committee, with the approval of USDA, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are producers and handlers of Texas oranges and grapefruit. They are familiar with the Committee's needs and with the costs for goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

For the 1999–2000 and subsequent fiscal periods, the Committee recommended, and USDA approved, an assessment rate that would continue in effect from fiscal period to fiscal period unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other information available to USDA.

The Committee met on May 30, 2002, and unanimously recommended 2002–03 expenditures of \$1,226,022 and an assessment rate of \$0.12 per 7/10-bushel carton of oranges and grapefruit. The Committee met again on August 28, 2002, and recommended a decreased assessment rate of \$0.11, with no change to the previously approved budget of \$1,226,022. Thirteen of the 14 Committee members and alternates acting as members voted in support of the decrease. One Committee member voted against the decrease. In comparison, last year's budgeted expenditures were \$1,236,777. The assessment rate of \$0.11 is \$0.01 lower than the rate previously in effect. The Committee voted to reduce the assessment rate after determining that its reserve fund was higher than necessary, and to lower handler assessment costs for 2002–03 by \$100,000.

The major expenditures recommended by the Committee for the 2002–03 fiscal period include \$810,500 for advertising, \$179,000 for the

Mexican Fruit Fly program, \$107,845 for management and administration of the program, and \$74,777 for compliance. Budgeted expenses for these items in 2001–02 were \$810,500, \$197,000, \$104,500, and \$74,777, respectively.

The assessment rate recommended by the Committee was derived by dividing anticipated expenses by expected shipments of Texas oranges and grapefruit. Texas orange and grapefruit shipments for the year are estimated at 10 million 7/10-bushel cartons, which should provide \$1,100,000 in assessment income. Income derived from handler assessments, along with interest income and funds from the Committee's authorized reserve, will be adequate to cover budgeted expenses. Funds in the reserve (currently \$274,041) will be kept within the maximum of one fiscal period's expenses permitted by the order (\$906.35).

The assessment rate will continue in effect indefinitely unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate is effective for an indefinite period, the Committee will continue to meet prior to or during each fiscal period to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public and interested persons may express their views at these meetings. USDA will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 2002–03 budget and those for subsequent fiscal periods will be reviewed and, as appropriate, approved by USDA.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this rule on small entities. Accordingly, AMS has prepared this final regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about

through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 410 producers of oranges and grapefruit in the production area and approximately 15 handlers subject to regulation under the marketing order. Small agricultural producers are defined by the Small Business Administration (SBA) (13 CFR 121.201) as those having annual receipts less than \$750,000, and small agricultural service firms are defined as those whose annual receipts are less than \$5,000,000.

An updated Texas citrus industry profile shows that 6 of the 15 handlers (40 percent) shipped over 651,042 7/10-bushel cartons of oranges and grapefruit. Using an average f.o.b. price of \$7.68 per 7/10-bushel carton, these handlers could be considered large businesses under SBA's definition, and the remaining 9 handlers (60 percent) could be considered small businesses. Of the approximately 410 producers within the production area, few have sufficient acreage to generate sales in excess of \$750,000. Thus, the majority of handlers and producers of Texas oranges and grapefruit may be classified as small entities.

This action continues to decrease the assessment rate established for the Committee and collected from handlers for the 2002–03 and subsequent fiscal periods from \$0.12 to \$0.11 per 7/10-bushel carton of oranges and grapefruit. The Committee recommended 2002–03 expenditures of \$1,226,022 and an assessment rate of \$0.11 per 7/10-bushel carton of oranges and grapefruit. The assessment rate of \$0.11 is \$0.01 lower than the previous rate. The quantity of assessable oranges and grapefruit for the 2002–03 fiscal year is estimated at 10 million cartons. Income derived from handler assessments, along with interest income and funds from the Committee's authorized reserve, will be adequate to cover budgeted expenses.

The major expenditures recommended by the Committee for the 2002–03 fiscal period include \$810,500 for advertising, \$179,000 for the Mexican Fruit Fly program, \$107,845 for management and administration of the program, and \$74,777 for compliance. Budgeted expenses for these items in 2001–02 were \$810,500, \$197,000, \$104,500, and \$74,777, respectively.

The Committee recommended the \$0.11 assessment rate to lower its operating reserve to \$171,249. With a \$0.12 assessment rate, the Committee projected its reserve on July 31, 2003, to be \$271,249, and it thought that was higher than needed to administer the